

MEMORANDUM

To: Vermont Electric Utilities
Vermont Department of Public Service
Interested persons

From: Judith C. Whitney, Deputy Clerk of the Board

Re: August 25, 2006 Workshop on Proposed New Avoided Costs

Date: August 11, 2006

The Department of Public Service ("DPS") has filed proposed new energy and capacity avoided costs, and has requested that the Public Service Board ("Board") approve them for use by the Energy Efficiency Utility ("EEU") in program and measure screening. The DPS has requested that the Board convene a technical workshop and allow an opportunity for parties to provide written comments on the DPS's proposed avoided costs.

Paragraph 11 of the Memorandum of Understanding that was approved by the Board in its 9/30/99 Order in Docket 5980 provides in part:

The DPS also will update avoided costs used in EEU program and measure screening and estimates of economically achievable energy efficiency potential as appropriate. Such updates shall be filed with and approved by the Board after an opportunity for other parties to file written comments and request a technical workshop.

In response to a memorandum from the Board, the City of Burlington Electric Department ("BED"), Central Vermont Public Service Corporation ("CVPS"), and Green Mountain Power Corporation ("GMP") requested that the Board hold a technical workshop on the DPS's proposed new avoided costs.

The Board has appointed George Young, Deputy General Counsel, to conduct such a technical workshop on **August 25, 2006, at 1:30 p.m.**, in the Board's Third Floor Hearing Room, Chittenden Bank Building, 112 State Street, Montpelier, Vermont. The consultants who prepared the study for the DPS on which the proposed new avoided costs are based will make a presentation at the workshop and respond to questions from

workshop attendees. Following the presentation and questions, other interested persons are invited to make comments on the proposed avoided costs. In addition, the Board asks that parties consider whether the avoided costs are appropriate for use for purposes other than program and measure screening for the EEU. For example, would the avoided costs be appropriate to use as a long-term forecast by the SPEED Facilitator under Rule 4.300 and Section 8005 of Title 30?

The Board will also accept written comments on the proposed new avoided costs and their possible use beyond energy efficiency programs. Any party wishing to file such comments shall do so on or before September 15, 2006. One hard copy of comments should be mailed to the Board. In addition, comments should be e-mailed to Clerk@psb.state.vt.us. The e-mail message should include "Proposed Avoided Costs" in the subject line.

The Board has created a webpage related to its consideration of the proposed new avoided costs — www.state.vt.us/psb/ElectricInitiatives/AvoidedCosts.htm. This site currently includes links to the DPS's avoided cost filing, the Board's May 5, 2006, memorandum regarding that filing, and comments received in response to that memorandum. The Board will post additional comments on this webpage when it receives them.